



MILLENNIUM CHALLENGE CORPORATION

[MCC FR 21-10]

Notice of First Amendment to Compact with the Kingdom of Morocco

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: In accordance with the Millennium Challenge Act of 2003, as amended, the Millennium Challenge Corporation is publishing a summary, justification, and full text of the proposed First Amendment to Millennium Challenge Compact between the United States of America, acting through the Millennium Challenge Corporation, and the Kingdom of Morocco. Representatives of the United States Government and the Kingdom of Morocco plan to conclude the Amendment before the end of 2021.

Authority: 22 U.S.C. 7708 (i) (2).

Dated: October 7, 2021.

Thomas G. Hohenthanner,
Acting VP/General Counsel and Corporate Secretary.

Summary of First Amendment to Millennium Challenge Compact with the Kingdom of Morocco

The Board of Directors of the Millennium Challenge Corporation (“*MCC*”) has approved an amendment (the “*Amendment*”) to the existing US\$450,000,000, five-year Millennium Challenge Compact between the United States of America, acting through MCC, and the Kingdom of Morocco (the “*Compact*”).

Background

The Compact was signed on November 30, 2015 and entered into force on June 30, 2017. The Compact aims to contribute to economic growth and investment in Morocco through two projects supporting Moroccan government priorities: the Education and Training for Employability Project and the Land Productivity Project.

Scope of the Amendment

MCC proposes to extend the term of the Compact for an additional nine months until March 31, 2023, and to provide additional funding of up to \$10,500,000. The term extension is necessary to mitigate implementation delays due to the COVID-19 pandemic and to complete Compact projects as originally contemplated. The proposed additional funding will be used to cover additional program administration and related oversight costs associated with extending the Compact’s term.

Justification for the Amendment

In March 2020, the Government of Morocco imposed an almost complete lockdown and border closure for three months after the first COVID-19 cases were identified in Morocco. The offices of the Government of Morocco’s accountable entity were closed from March to June 2020, limiting staff to telework. Construction works were halted for at least three months, as were all in-person activities such as public consultations, trainings, and other technical assistance activities. Travel restrictions and border closures disrupted global supply chains and access to necessary supplies and equipment. Although some restrictions were

eased during the summer of 2020, renewed COVID-19 outbreaks during the fall and winter led to targeted lockdowns in several Moroccan cities. Lockdowns and restrictions have now been imposed intermittently for over a year, including a lengthy national curfew and a suspension of air travel with over 50 countries, including most of Europe. These restrictions have only recently eased.

Extending the Compact term will maximize long-term results and the return on investment by assuring the completion of most key activities and increasing the likelihood that the Government of Morocco will successfully adopt and implement the reform elements of the Compact and establish a more solid foundation for sustaining these reforms post-Compact. The additional MCC funding is necessary for and will be used to support oversight and other administrative functions during the additional nine months of the Compact term.

FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT BETWEEN THE UNITED STATES OF AMERICA, ACTING THROUGH THE MILLENNIUM CHALLENGE CORPORATION AND THE KINGDOM OF MOROCCO

FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT

This FIRST AMENDMENT TO MILLENNIUM CHALLENGE COMPACT (this “*Amendment*”), is made by and between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“*MCC*”), and the Kingdom of Morocco (“*Morocco*”), acting through its government (the “*Government*”) (each referred to herein individually as a “*Party*” and collectively as the “*Parties*”). All capitalized terms used in this Amendment that are not otherwise defined herein have the meanings given to such terms in the Compact (as defined below).

RECITALS

WHEREAS, the Parties signed that certain Millennium Challenge Compact by and between the United States of America, acting through MCC, and the Kingdom of Morocco, acting through its government, on November 30, 2015 (the “*Compact*”);

WHEREAS, Section 7.4 of the Compact provides for a Compact Term of five (5) years from its entry into force on June 30, 2017;

WHEREAS, implementation of the Compact Program has been adversely affected and delayed by the coronavirus pandemic;

WHEREAS, the Parties now desire to extend the Compact Term by an additional nine (9) months until March 31, 2023 (the “*Extension*”), and to increase MCC’s assistance under the Compact for related administrative and oversight costs, to allow the Government more time to implement and complete the Projects in order to fully achieve the Compact Goal and the Project Objectives; and

WHEREAS, pursuant to Section 6.2(a) of the Compact, the Parties desire to amend the Compact as more fully described herein to memorialize the Extension.

NOW, THEREFORE, the Parties hereby agree as follows:

AMENDMENTS

1. Amendment to Section 2.1.

Section 2.1 (*Program Funding*) of the Compact is amended and restated to read as follows:

“Section 2.1 Program Funding. Upon entry into force of this Compact in accordance with Section 7.3, MCC will grant to the Government, under the terms of this Compact, an amount not to exceed Four Hundred Forty-Eight Million Four Hundred Sixty-Two Thousand One Hundred Fifty-Two United States Dollars and Eight Cents

(US\$448,462,152.08) (“**Program Funding**”) for use by the Government to implement the Program. The allocation of Program Funding is generally described in Annex II.”

2. Amendment to Section 7.4.

Section 7.4 (*Compact Term*) of the Compact is amended and restated to read as follows:

“Section 7.4 Compact Term. This Compact will remain in force for five (5) years and nine (9) months after its entry into force, until March 31, 2023, unless terminated earlier under Section 5.1 (the “**Compact Term**”).”

3. Amendments to Annex II (Multi-Year Financial Plan Summary).

(a) Paragraph B of Annex II (Multi-Year Financial Plan Summary) to the Compact is amended and restated to read as follows:

“B. Government LMIC Contribution. During the Compact Term, the Government will make contributions, relative to its national budget and taking into account prevailing economic conditions, as are necessary to carry out the Government’s responsibilities under Section 2.6(a) of this Compact. These contributions may include in-kind and financial contributions (including obligations of Morocco on any debt incurred toward meeting these contribution obligations). In connection with this obligation, the Government will develop a contribution plan set forth in the Program Implementation Agreement to complement MCC Funding through allocations including but not limited to: 1. a progressive increase in its funding for the Private Sector-Driven TVET grant facility such that the Government will fund a minority portion of the Private Sector-Driven TVET grant facility; 2. demonstration projects for the Industrial Land Activity; and 3. support for operations and maintenance and discretionary funding for the Secondary Education Activity. The Government commits to a minimum contribution of \$69,075,000 over the Compact Term.

Such contribution will be in addition to the Government's spending allocated toward such Project Objectives in its budget for the year immediately preceding the establishment of this Compact. The Government's contribution will be subject to any legal requirements in Morocco for the budgeting and appropriation of such contribution, including approval of the Government's annual budget by its legislature. The Parties may set forth in the Program Implementation Agreement or other appropriate Supplemental Agreements certain requirements regarding this Government contribution, which requirements may be conditions precedent to the Disbursement of MCC Funding. During implementation of the Program, the Government's contributions may be modified or new contributions added with MCC approval, provided that the modified or new contributions continue to advance the Project Objectives.

(b) Exhibit A to Annex II (Multi-Year Financial Plan Summary) to the Compact is deleted in its entirety and replaced by revised Exhibit A set forth in Annex I to this Amendment, which revised Exhibit A includes the Compact Implementation Funding amount granted by implementation of Section 2.2(d) of the Compact.

GENERAL PROVISIONS

1. Further Assurances.

Each Party hereby covenants and agrees, without necessity of any further consideration, to execute and deliver any and all such further documents and take any and all such other action as may be reasonably necessary or appropriate to carry out the intent and purpose of this Amendment.

2. Effect of this Amendment.

From and after the date this Amendment enters into force, the Compact and this Amendment will be read together and construed as one document, and each reference in the Compact to the

“Compact,” “hereunder,” “hereof” or words of like import referring to the Compact, and each reference to the “Compact,” “thereunder,” “thereof” or words of like import in any Supplemental Agreement or in any other document or instrument delivered pursuant to the Compact or any Supplemental Agreement, will mean and be construed as a reference to the Compact, as amended by this Amendment.

3. Limitations.

Except as expressly amended by this Amendment, all of the provisions of the Compact remain unchanged and in full force and effect.

4. Governing Law.

The Parties acknowledge and agree that this Amendment is an international agreement entered into for the purpose of amending the Compact and as such will be interpreted in a manner consistent with the Compact and is governed by international law.

ANNEX I

REVISED EXHIBIT A TO ANNEX II TO THE COMPACT MULTI-YEAR FINANCIAL PLAN
SUMMARY

| Component | Current Approved MYFP | Proposed Additional MCC Grant Funds | Revised MYFP |
|--|-----------------------|-------------------------------------|-----------------------|
| 1. Education and Training for Employability Project | | | |
| 1.1 Secondary Education Activity | 109,910,388.53 | 805,000.00 | 110,715,388.53 |
| 1.2 Workforce Development Activity | 110,301,489.76 | 595,000.00 | 110,896,489.76 |
| Subtotal | 220,211,878.29 | 1,400,000.00 | 221,611,878.29 |
| 2. Land Productivity Project | | | |
| 2.1 Governance Activity | 10,386,614.70 | 0.00 | 10,386,614.70 |
| 2.2 Rural Land Activity | 32,666,977.50 | 50,000.00 | 32,716,977.50 |
| 2.3 Industrial Land Activity | 122,499,213.09 | 2,850,000.00 | 125,349,213.09 |

| | | | |
|--|-----------------------|----------------------|-----------------------|
| Subtotal | 165,552,805.29 | 2,900,000.00 | 168,452,805.29 |
| 3. Monitoring & Evaluation | | | |
| 3.1 Monitoring & Evaluation | 7,675,895.63 | 0.00 | 7,675,895.63 |
| Subtotal | 7,675,895.63 | 0.00 | 7,675,895.63 |
| 4. Program Administration and Oversight | | | |
| 4.1 MCA-Morocco II Program Administration | 32,446,241.03 | 4,660,000.00 | 37,106,241.03 |
| 4.2 Fiscal and Procurement Agents | 11,400,331.84 | 1,470,000.00 | 12,870,331.84 |
| 4.3 Audits and Compliance | 675,000.00 | 70,000.00 | 745,000.00 |
| Subtotal | 44,521,572.87 | 6,200,000.00 | 50,721,572.87 |
| TOTAL Program Funding | 437,962,152.08 | 10,500,000.00 | 448,462,152.08 |
| TOTAL Compact Implementation Funding | 12,037,847.92 | 0.00 | 12,037,847.92 |
| TOTAL MCC FUNDING | 450,000,000.00 | 10,500,000.00 | 460,500,000.00 |
| Minimum Government Contribution | 67,500,000.00 | | 69,075,000.00 |

[FR Doc. 2021-22278 Filed: 10/13/2021 8:45 am; Publication Date: 10/14/2021]